



General Assembly

January Session, 2013

***Raised Bill No. 6456***

LCO No. 3331



Referred to Committee on VETERANS' AFFAIRS

Introduced by:  
(VA)

***AN ACT EXCLUDING CERTAIN FARMERS WHO ARE VETERANS  
FROM THE SALES AND USE TAX.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (63) of section 12-412 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2013*):

4 (63) (A) Sales of and the storage, use or other consumption of  
5 tangible personal property exclusively for use in agricultural  
6 production, as defined in this subsection, by a farmer engaged in  
7 agricultural production as a trade or business and to whom the  
8 Department of Revenue Services has issued a farmer tax exemption  
9 permit, provided such farmer's gross income from such agricultural  
10 production, as reported for federal income tax purposes, shall have  
11 been (i) not less than two thousand five hundred dollars for the  
12 immediately preceding taxable year, or (ii) on average, not less than  
13 two thousand five hundred dollars for the two immediately preceding  
14 taxable years.

15 (B) The Commissioner of Revenue Services shall adopt regulations  
16 in accordance with chapter 54 requiring periodic registration for  
17 purposes of the issuance of farmer tax exemption permits, including (i)  
18 a procedure related to the application for such permit, such application  
19 to include a declaration, prescribed as to form by the Commissioner of  
20 Revenue Services and bearing notice to the effect that false statements  
21 made in such declaration are punishable, to be signed by the applicant,  
22 and (ii) a form of notice concerning the penalty for misuse of such  
23 permit.

24 (C) As used in this subsection, (i) "agricultural production" means  
25 engaging, as a trade or business, in (I) the raising and harvesting of  
26 any agricultural or horticultural commodity, (II) dairy farming, (III)  
27 forestry, (IV) the raising, feeding, caring for, shearing, training or  
28 management of livestock, including horses, bees, poultry, fur-bearing  
29 animals or wildlife or (V) the raising and harvesting of fish, oysters,  
30 clams, mussels or other molluscan shellfish; and (ii) "farmer" means  
31 any person engaged in agricultural production as a trade or business.

32 (D) The Department of Revenue Services may issue a farmer tax  
33 exemption permit to a farmer, notwithstanding the fact that, in the  
34 farmer's immediately preceding taxable year, such farmer's gross  
35 income from agricultural production engaged in as a trade or business  
36 may have been less than two thousand five hundred dollars, provided  
37 (i) such farmer purchased, during such farmer's current or  
38 immediately preceding taxable year, an agricultural trade or business  
39 from a seller who was issued a farmer tax exemption permit by such  
40 department at the time of such purchase, and (ii) such agricultural  
41 production shall be carried on as a trade or business by such purchaser  
42 during the period commencing upon the purchase and ending two  
43 years after the date of purchase. Such purchaser shall be liable for the  
44 tax otherwise imposed, during the period commencing upon such  
45 purchase and ending two years after the date of purchase, if such  
46 agricultural production is not carried on as a trade or business by such  
47 purchaser during the period commencing upon such purchase and

48 ending two years after the date of purchase.

49 (E) (i) The Department of Revenue Services, under such regulations  
50 as the Commissioner of Revenue Services may adopt in accordance  
51 with the provisions of chapter 54, may issue a farmer tax exemption  
52 permit to an applicant, provided such applicant has satisfied the  
53 commissioner that the applicant intends to carry on agricultural  
54 production as a trade or business for at least two years,  
55 notwithstanding the fact that the applicant was not engaged in  
56 agricultural production as a trade or business in the immediately  
57 preceding taxable year or, if the applicant was engaged in agricultural  
58 production as a trade or business in the immediately preceding taxable  
59 year, notwithstanding the fact that the applicant's gross income from  
60 such agricultural production, as reported for federal income tax  
61 purposes, was less than two thousand five hundred dollars for the  
62 immediately preceding taxable year or, on average, less than two  
63 thousand five hundred dollars for the two immediately preceding  
64 taxable years.

65 (ii) Such applicant shall be liable for the tax imposed under this  
66 chapter during the period commencing upon the issuance of the  
67 permit and ending two years after the date of issuance of the permit if  
68 agricultural production is not carried on as a trade or business by such  
69 applicant during such entire period.

70 (iii) Such applicant shall also be liable for the tax otherwise  
71 imposed, during the period commencing upon the issuance of the  
72 permit and ending two years after the date of issuance of the permit, if  
73 (I) such applicant's gross income from such agricultural production, as  
74 reported for federal income tax purposes, is less than two thousand  
75 five hundred dollars for the immediately preceding taxable year or, on  
76 average, less than two thousand five hundred dollars for the two  
77 immediately preceding taxable years, and (II) such applicant's  
78 expenses from such agricultural production, as reported for federal  
79 income tax purposes, are less than two thousand five hundred dollars

80 for the immediately preceding taxable year or, on average, less than  
81 two thousand five hundred dollars for the two immediately preceding  
82 taxable years.

83 (iv) Any applicant liable for tax under clause (ii) or (iii) of this  
84 subparagraph shall not be eligible to be issued another permit under  
85 clause (i) of this subparagraph.

86 (F) (i) The Department of Revenue Services, under such regulations  
87 as the Commissioner of Revenue Services may adopt in accordance  
88 with the provisions of chapter 54, may issue a farmer tax exemption  
89 permit to a veteran, as defined in subsection (a) of section 27-103,  
90 notwithstanding the fact that the veteran was not engaged in  
91 agricultural production as a trade or business in the immediately  
92 preceding taxable year or, if the veteran was engaged in agricultural  
93 production as a trade or business in the immediately preceding taxable  
94 year, notwithstanding the fact that the veteran's gross income from  
95 such agricultural production, as reported for federal income tax  
96 purposes, was less than two thousand five hundred dollars for the  
97 immediately preceding taxable year or, on average, less than two  
98 thousand five hundred dollars for the two immediately preceding  
99 taxable years.

100 (ii) Such veteran shall be liable for the tax imposed under this  
101 chapter during the period commencing upon the issuance of the  
102 permit and ending two years after the date of issuance of the permit if  
103 agricultural production is not carried on as a trade or business by such  
104 veteran during such entire period.

105 (iii) Any veteran liable for tax under clause (ii) of this subparagraph  
106 shall not be eligible to be issued another permit under clause (i) of this  
107 subparagraph or subparagraph (E) of this subdivision.

108 Sec. 2. Section 22-26*l* of the general statutes is repealed and the  
109 following is substituted in lieu thereof (*Effective from passage*):

110 (a) The Department of Agriculture shall establish and administer a  
111 Connecticut Farm Link program to establish a database of farmers and  
112 agricultural land owners who intend to sell their farm operations or  
113 agricultural land. The database shall be maintained by the Department  
114 of Agriculture and shall be made available to the public on the  
115 department's web site. Persons interested in starting an agricultural  
116 business or persons interested in expanding a current agricultural  
117 business may notify the department and have their names, contact  
118 information and intentions regarding such businesses placed on the  
119 web site. The department shall make reasonable efforts to facilitate  
120 contact between parties with similar interests, including, but not  
121 limited to, growing and processing crops as feedstock for biodiesel  
122 heating and transportation fuels. The Department of Agriculture shall  
123 collaborate with the Department of Veterans' Affairs and the Labor  
124 Department to assist veterans in starting or expanding an agricultural  
125 business and to provide education and training opportunities to  
126 veterans concerning farming or agricultural operations.

127 (b) The Department of Agriculture shall post educational materials  
128 regarding the Connecticut Farm Link program on the department's  
129 web site, including, but not limited to, information regarding farm  
130 transfer and farm succession planning, family farm estate planning,  
131 farm transfer strategies, farm leasing, formation of farm partnerships,  
132 growing and processing crops as feedstock for biodiesel heating and  
133 transportation fuels and information regarding starting a farm  
134 business.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	12-412(63)
Sec. 2	<i>from passage</i>	22-26l

***Statement of Purpose:***

To aid veterans in starting or expanding agricultural businesses by providing them with a limited exemption from the sales and use tax

and encouraging them to participate in the Connecticut Farm Link program.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*